## 1 BEFORE THE STATE OF WASHINGTON 2 ENERGY FACILITY SITE EVALUATION COUNCIL 3 4 In the Matter of Application No. 2003-01: EXHIBIT # 42 (DRP-T) 5 SAGEBRUSH POWER PARTNERS, LLC; 6 KITTITAS VALLEY WIND POWER PROJECT 7 8 9 10 APPLICANT'S PREFILED DIRECT TESTIMONY 11 **WITNESS #42: DANA PECK** 12 13 Q. Please state your name and business address. 14 My name is Dana Peck and my business address is 222 E. 4<sup>th</sup> Ave., Ellensburg WA 98926. I 15 A. 16 commute daily from my home in Goldendale, Klickitat County, Washington to my job. 17 18 What is your employment position and when did that employment commence? Q. 19 20 A. I am employed by Horizon Wind Energy ("Horizon" herein). I have been with the company 21 since December, 2005, and have been employed there as the company's Project Manager for the 22 Kittitas Valley Wind Power Project ("KVWPP"). 23 24 Q. What are your job duties and responsibilities?

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My duties and responsibilities at Horizon include responsibility for development of the Kittitas A. Valley Wind Power Project. I am responsible for permitting and land use issues, including managing experts and consultants, and interacting with local, state and federal agencies and other interested parties.

Q. Would you please identify what has been marked for identification ads Exhibit 42-1 (DRP-1)?

Exhibit 42-1 (DRP-1) is my current resume of my educational background and employment A. experience.

Q. What, if any, employment history and background do you have in the energy production field other than in your present position at Horizon?

I have spent 31 years in the field of energy policy development and public and private sector project management. Ten of those years were spent working for elected county officials, most recently as the Economic Development Director of Klickitat County for eight years. Prior to that, I spent three years with Kenetech Wind Power as project manager for a 200-megawatt wind power project that was permitted in Klickitat County. With Kenetech, I also assisted in "prospecting" efforts for other Northwest wind power facility sites. From 1987 to 1993, I was manager of strategic planning systems for Pacific Power and Light. In the early 1980's, I was director of government relations for the federally-funded Western Solar Utilization Network, a 13-state consortium working with local governments to promote renewable energy development in the West. From 1975 to 1980, I worked for members of the U.S. House of Representatives (Congressman Jerome Ambro, NY) and a U.S. Senator (Senator Charles Percy, IL) who had interests in renewable energy policy development, as well as the public interest group Solar

Lobby, at the time the preeminent renewable energy group in the country, on energy policy issues. My interest and involvement in energy issues in general and renewable energy in particular is a direct outgrowth of attending graduate school studying science, technology and public policy in Washington, D.C. immediately after the 1973 oil embargo.

Q. Did any of your county employment experiences give you unique qualifications for the KV project manager position?

A. I was specially suited for this position due to my years spent providing direct staff support to elected rural county officials in their effort to promote job creation, tax base expansion and preservation of the agricultural sector of the rural economy by developing a comprehensive process for siting electrical generation facilities. In that capacity, I most recently worked with the Klickitat County Board of County Commissioners to craft both a programmatic Environmental Impact Statement and changes to the county comprehensive plan and zoning to create an energy overlay zone that achieved tax base expansion and created jobs while preserving the agricultural sector's ability to thrive. We achieved success by enabling wind power projects to be sited, permitted and developed in a rural county while remaining consistent with the surrounding land uses. The other concept built into Klickitat County's policy was to involve the public in the siting decisions in advance of the wind power developer making a specific siting application. In this fashion, it enabled wind project developers to obtain a

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development permit under rules and standards that had already been legislatively crafted.

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Outside of county government, I have also served as an appointed commissioner on the quasijudicial Portland Metropolitan Boundary Commission, an organization roughly comparable to a Board of Adjustment but with decisionmaking authority affecting development proposals within

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the Portland, Oregon Metropolitan Urban Growth Boundary. While energy issues did not come before this commission, it provided me with the direct experience of working through staff to develop negotiated agreements with developers that met established land use standards and criteria. At Pacific Power and Light, I was periodically asked to assist local governments in developing strategic plans for their communities and in that capacity frequently worked with elected officials and staff to identify local priorities leading to comprehensive plan changes. At Multnomah County, Oregon, I was the point of contact for many interest groups and developers interested working with the county. At the Western Solar Utilization Network, I was in frequent contact with local governments that were requesting assistance in developing ordinances to facilitate renewable energy projects.

- Q. Are you experienced with the planning process beginning with comprehensive planning and ending with project-specific applications?
  - I am accustomed to both the legislative and quasi-judicial nature of project permitting, from my experience as staff to county commissioners, member of a quasi-judicial commission, and as a project applicant. Planning in Washington is a top-down process. Polices are set first through the comprehensive plan. This is a legislative, policy-making process where access to the decision-makers is critical so that the elected body can interact with the populace regarding their vision for the area to be affected by the policies in the area's comprehensive plan designation. Zoning can be a general, area-wide legislative process, in which case detailed criteria are applied to land through a defined enabling document such as a zoning code. This document provides additional details on the roadmap to developing a project. Zoning can also be a site-specific process sought by an application for a rezone, in which case the governing body is making a project-specific

decision, acting in a quasi-judicial capacity to apply pre-adopted standards when reviewing the merits of the request for rezone. In such site-specific projects, access to the decision-makers is restricted, making it imperative that the Applicant have a fluid relationship with staff so that issues can be addressed notwithstanding the lack of direct access to the decision-making body. The most specific detail in the planning process is found in development regulations, where the nuts and bolts of a particular project has to demonstrate compliance in order to be considered for approval.

It is this sequence that is typically reviewed by an Applicant for a development permit. First, one examines the adopted comp plan polices to ensure the project is consistent with policy. The zoning criteria are then applied to the specifics of the project and if inconsistent, a rezone is sought. If consistent with existing zoning or a rezone is granted, then the project is specifically examined for consistency with the development regulations. Once the criteria are established for a particular project, from broad policy down to the very specific details, a Development Agreement can be negotiated, which document is a contract between the permitting agency and Applicant that details exactly the conditions and criteria for that particular development.

Planning, then, is a continuum that usually provides the Applicant with clearly defined policies, standards and a well-defined path which leads sequentially from review of the project's conformance with comprehensive plan and zoning standards and criteria to the development agreement and permit.

Q. Has your experience in the field of wind power generation included experience in comprehensive plan and zoning review related to energy project permitting?

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The wind power industry has a long history of performing extensive due diligence before pursuing land acquisition and project development at a site. An essential element of the due diligence process is reviewing established comprehensive plan policies and zoning to identify potential zoning and land use conflicts at a proposed site.

I have been personally involved with this due diligence process, both as a project developer in Klickitat and Kittitas Counties and as a county employee working with developers interested in Klickitat County sites. In fact, I was part of the two-person team from Kenetech that visited Kittitas County in the early 1990's, discussed the potential for windpower development in the area with county representatives, and subsequently erected several wind monitoring towers on the basis of the positive response to wind power received from county staff at that time. It was the meteorological data from those towers erected by Kenetech that initially attracted Horizon's (then Zilkha's) interest in the Kittitas Valley site. The comprehensive plan is the starting point in this process, providing the developer with an initial sense of the project's compatibility and possible mitigation strategies. During development of the Klickitat County energy overlay ordinance, one of our central goals was to provide a base of information in the form of a programmatic environmental impact statement (PEIS) on energy facility siting criteria to inform the Planning Commission, the County Commission, and the general public prior to moving into the legislative process associated with amending the county comprehensive plan and creating the proposed overlay zone. Once in place, the PEIS provided a framework for project developers to assess the "fit" between their proposed project and the overlay zone's criteria, as well as administrative criteria for county decision-making on the proposed project. In addition, the public was provided with an

extensive series of opportunities to shape the standards that became a part of the overlay zone as enacted.

Q. Describe your experience in attempting to obtain development approval for the KVWPP in Kittitas County.

A. Kittitas County requires an Applicant to seek a comprehensive plan overlay, rezone,
Development Agreement, and a development "permit" in a single process. Therefore, the
County combines both the legislative process to establish general policy at the same time
that the applicant is trying to determine the site-specific rezone merits and also attempts
to simultaneously negotiate a Development Agreement that comports with the County's
policies and specific regulations. The difficulty in this process is inherent and readily
apparent. There are no specific development regulations, or more specifically,
Development Agreement criteria, adopted for wind power projects. Therefore, it is
extraordinarily difficult to negotiate a site-specific agreement that complies with both
policy and specific details when the same polices and regulations are not established in
advance. It is virtually impossible to discern what criteria have to be complied with,
specifically insofar as development regulations and criteria are concerned, because there
are none adopted by Kittitas County yet the Applicant must negotiate them without
guidance from the County in advance.

With this approval structure, I anticipated a lengthy series of informal and formal discussions with County staff once our application was determined to be complete in October, 2005, in order to determine what kind of criteria we should be addressing and what kinds of materials were expected by the Kittitas County Board of Commissioners

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("BOCC"). My years of experience as a county department director negotiating various contracts and agreements, as well as my experience on the Boundary Commission, similarly led me to believe that at some point the BOCC would follow common practice and delegate to their staff a role in the process to enable them to address site-specific issues due to the inability to directly contact decision-makers on such specific topics. This would also facilitate the flow of information regarding matters that were more legislative in nature, and for which contact with decision-makers is typically allowed. However, the consistent response by County staff to questions raised by the Applicant, both informally and formally, whether legislative or project-specific/quasi-judicial in nature, was that they were not empowered with any authority to speak for or negotiate on behalf of the BOCC. Instead, we were consistently directed to the record that was going to be developed through the joint but partially bifurcated public hearings process, which ultimately extended for more than five months, for guidance on answers to our questions. This was the answer even to questions about what criteria we were to apply to the Development Agreement that we were required to negotiate; no criteria existed but would be developed through the public hearings process.

Recognizing that a public negotiating process could lead to miscommunication and misunderstanding, I consistently initiated staff-level meetings in an attempt to assure we were providing the County with desired, timely information. Those meetings were frequently followed up with a written summary from the Applicant to County staff in order to ensure we had fully understood the general points discussed with staff

Q. Please give specific examples of information that was sought and discussed with staff and whether it comported with what the BOCC ultimately expressed that it wanted.

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Several examples come to mind. We asked staff for direction on the format for a

Development Agreement, as the County does not have an approved or required template.

We were advised by staff to use the template that was approved for the Wild Horse Wind

Power Project.

In reliance thereon, we used the template from the Wild Horse project, modified to fit the details of the KVWPP project. However, at a hearing of the BOCC on April 27, 2006

(page 25, line 21 in the transcript), I was excoriated for using the Wild Horse template in

part because our KVWPP draft Development Agreement had a typographical error that

referenced a road for the Wild Horse project. Less than a month later, at yet another

hearing before the BOCC (May 3, 2006 transcript, page 15, line 6 on), and without

advance notice to the Applicant, County staff proceeded to criticize the KVWPP because

it did not contain terms that had been present in the Wild Horse agreement,

notwithstanding the Applicant have been chastised weeks earlier for using the Wild

Horse template. To date, it remains unclear what the BOCC meant for both its staff and

the Applicant to apply regarding suitable form and content for a Development

Agreement.

Another example of the confusion that resulted from the process was the repeated

suggestion by County staff that we focus on the number of turbine towers and that we not

focus on total megawatts to be generated by the KVWPP, with County staff initially

stating that they recognized that as technology changes, so too can capacity from a wind

turbine with the same typical dimensions. Having been present at the Pre-Hearing

Conference of July 12, 2006, just last week, County legal counsel Deputy Prosecuting

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Attorney James Hurson reversed this position on megawatts versus the number of turbines and criticized the Applicant for not being exact on the precise number of megawatts to be generated by the KVWPP. This again demonstrates that in the absence of pre-established standards and criteria developed either in advance through regulatory requirements, or through an actual, bona fide subarea planning exercise, there can be no clarity by any of the parties about what information will be required and acceptable for any future application for wind power project development approval in Kittitas County.

Yet another area of confusion stemmed from questions which arose late in the process concerning the turbine strings shown in our application that was deemed complete on October of 2005. The application shows a series of strings within which a range of turbines can be constructed depending on available turbine technology at the time of construction. The Applicant understood this to be acceptable for two reasons: first, the same approach of string locations and a range of turbines within the strings was approved in the Wild Horse project; and second, because the County staff had previously deemed that our application was complete. Furthermore, in light of the very rapid advancement of wind energy technology, it is standard practice in our industry to request permit approval for a range of turbine dimensions. Given the unusually protracted length of the permit process for the Kittitas Valley project, it is vital for the Applicant to maintain reasonable flexibility regarding turbine selection (and therefore, precise turbine locations within corridors). For example, many wind turbine models that are currently being installed in the US were not even available at the time the original application was filed in 2003 (e.g. Clipper 2.5MW, Siemens 2.3 MW, Suzlon 2MW, etc.)

The BOCC, however, found the use of a range of turbines to be a basis for denial of the project (Finding #25). The conflicting message from staff and the ultimate decision by the BOCC stems directly from a lack of criteria adopted by the BOCC in advance and upon which a development project can be evaluated by both the Applicant and the County staff.

Perhaps the most notable aspect of the complete breakdown of the development review process for wind power in Kittitas County arose from the failure by the County to clearly establish the setback distances for turbine placement. Although this became a key consideration for all County Commissioners, and was central to a number of the Findings of Fact used to deny the project (#14-34), there were no defined standards prior to the hearing when the Applicant received a preliminary rejection from the BOCC as chronicled below. In fact, the County analysis of the DEIS and expert testimony used to develop the setback findings has been characterized as without basis in accepted protocols and reflecting a misapplication of the EFSEC DEIS and underlying analyses (Prefiled Supplemental Testimony of Dr. Thomas Priestley, Exhibit 34 SUP(TP-T SUP), pages 4-5).

Rather than identify standards and criteria for the Applicant to apply, the Kittitas County process instead requires the Applicant to prepare a proposal, submit to environment review and submit a proposed subarea plan, zoning amendment, and Development Agreement that comply with County comprehensive planning policies, zoning and development regulations. Communication with the elected officials is prohibited, and staff is not empowered with authority to speak to details. This leaves the Applicant in the

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position of guessing what will be an acceptable proposal, including setbacks in the Development Agreement.

In the case of the KVWPP, when we sought clarity from County staff they repeatedly referred us to the record that was developed through the public hearing process in response to the Applicant's question of what setback would be required. There was no ability to negotiate with staff on this most critical term, despite repeated requests by the Applicant for direction from staff. The BOCC never told staff what standard would be applied throughout the period during which the record remained open to negotiate the Development Agreement. Insofar as staff referred the Applicant to the record, even the BOCC was unclear, with different commissioners offering up different opinions on what might be an acceptable distance. The repeated and different distance suggestions by the BOCC were not "actions" upon which the Applicant could rely:

Comments of	Minimum 2,000 foot setback from non-participating
Commissioner Bowen,	landowner's property line
May 3, 2006, transcript	Minimum 2,500 foot setback from non-participating
page 12, line 8 on	landowner residence
Comments of	
Commissioner	One-half mile setbacks from non-participating
Crankovich, May 3,	landowners (unclear if from residences and/or
2006, transcript page	property lines)
23, line 12 on	
Comments of	
Commissioner Huston,	One-half mile to 3,000 foot setbacks (unclear if from
May 3, 2006, transcript	residences and/or property lines)
page 27, line 22 on	

These discussions by the BOCC followed the Applicant's informal conversations with County staff conveying the results of Horizon's internal analyses that, while a setback of

1,320 feet greatly exceeded normal practice, the KVWPP site design could be modified to yield that setback while preserving the project's viability. In the course of the May 3 hearing, Horizon representative Chris Taylor formally informed the BOCC of the 1,320 foot setback offer and that it represented the greatest setback distance that allowed for a viable project.

Ultimately, the BOCC acted that same night to deny the project on a preliminary basis (May 3, 2006, transcript page 54, line 2) without taking any formal action that identified which setback "standard" was accepted. In a further effort to continue dialogue with the BOCC in pursuit of local compliance following the May 3 hearing and also the appearance by Deputy Prosecuting Attorney James Hurson at the May 8, 2006 EFSEC meeting, the Applicant's attorney conveyed a letter (Anderson to BOCC, May 15, 2006, Second Request for Preemption Exhibit #3) to the BOCC outlining Horizon's position and requesting specific clarification on setbacks and several other points. Although the letter was discussed in the BOCC's agenda session on May 16, 2006, no formal response was made to the letter and although the County had expressed its interest in continuing negotiations with Horizon, the Applicant was left to guess at what the standard would be without any feedback from the County (Horizon letter to Community Development Services Director Piercy, May 19, 2006; Piercy letter to Horizon, May 22, 2006; Horizon letter to BOCC, May 23, 2006; all submitted in Second Request for Preemption Exhibit #3).

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As stated above, the setback "standard" was not established or disclosed until after the record was closed. The BOCC did not take action to adopt a setback standard prior to voting preliminary disapproval of the project.

EXHIBIT (DRP-T) - 13 DANA PECK PREFILED TESTIMONY

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EXHIBIT (DRP-T) - 14 DANA PECK PREFILED TESTIMONY

In a similar vein, during the course of the County's extended hearings, the project size was reduced and reconfigured by the Applicant without the benefit of any specific, formal guidance from the BOCC. Nonetheless, this was deemed inadequate by both staff and decisions-makers even though they left the Applicant without direction on the specific modifications that could address their concerns. Specific requests to advise the Applicant what, exactly, it could do differently were rejected by staff, who stated they had no authority to speak for the BOCC. This creates a regulatory environment that builds uncertainty into the most fundamental processes necessary for continuation of our modern life, which is the continued generation of affordable electricity upon which every member of our society is, in some manner, dependent

- Q. Did the findings, conclusions and recommendation contained in the Kittitas County

  Planning Commission's report to the BOCC provide any guidance on how the application

  did not comply with the county comprehensive plan, subarea, zoning and Development

  Agreement requirements?
  - The Planning Commission's report to the BOCC contained no analysis, findings or conclusions regarding the comprehensive plan subarea portion of the Applicant's proposal despite the requirement that any wind power project application include a request for approval of comprehensive plan subarea. The Planning Commission also failed to address the Applicant's proposed findings on how its project is consistent with County plan policies and zoning. Instead of a top-down analysis of general to specific compliance, the Planning Commission recommended denial based on rezone and Development Agreement "incompatibility" with the "neighborhood" despite a failure to

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even analyze County's comprehensive plan and its rural and natural resources policies, in order to address the necessary comprehensive plan amendment.

- Did the BOCC's decision-making process provide an opportunity to demonstrate compliance with comprehensive planning policies and zoning and thereby facilitate the negotiation of a Development Agreement?
- The BOCC never allowed the Applicant contact with it directly or indirectly on the legislative comprehensive subarea plan portion of the application. It never delegated authority to its staff to negotiate or even discuss concrete terms with the Applicant. It closed the record on April 3, 2006, prohibiting new information, and then announced the specific development standard criteria and denied the application on May 3, 2006, using the basis of development standard non-compliance without establishing or analyzing the typical precursors to a project-specific decision, which are comprehensive planning or zoning. In essence, the County's own Wind Farm Overlay siting process was ignored and a single development standard setback distance was established without negotiation or correct interpretation of the technical analyses, after a closed record. That decision, which was never taken as a formal action by the BOCC, and changed yet again between the final hearing and adoption of the Findings of Fact, provided the major underpinning for the action to deny the application rather than working through the process from top down, start to finish.
- Q. Is it your opinion that the Kittitas County Wind Farm Overlay and project approval procedure provides a meaningful format in which reasonable efforts exerted by a wind project developer to obtain land use consistency will be processed in accordance with

- A.
- No. The process utilized by Kittitas County provides no predictive value whatsoever for proponents, opponents, wind power project developers, and most significantly, to the taxand rate-paying consumers who depend on electrical generation. The process in Kittitas County pits the Applicant against itself, trying to discern what in a development proposal will be generally and specifically compliant. The Applicant, without concrete direction from elected officials or delegation to staff, is left to bargain against itself, perpetually reducing and refining its proposal in hopes of winning the blessing of a body that has no set standards or criteria and that the Applicant cannot communicate with. Having committed myself and my company's resources to seeking a "path" to satisfy the County, in my opinion, the process appears to be calculated to preserve uncontrolled, subjective discretionary decision-making power for the BOCC, exposing applicants investing millions of dollars in projects to tremendous financial risk and jeopardy.

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Q. Is it your opinion that Horizon made a good faith effort to obtain Kittitas County approval for the Kittitas Valley Wind Power Project?

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A. Yes. Throughout the process, spanning my first days on the job in early December 2005 until the present, the entire focus of our efforts, as the Applicant, has been to achieve local approval for the project. The presence of Joy Potter and myself, both new Horizon employees retained to facilitate the Horizon-County interaction, may be the strongest indication of Horizon's commitment to make every possible reasonable effort to meet the spirit, as well as the letter, of the goal to resolve land use consistency issues with the County. The decision to redesign the site, which greatly reduced the number of turbines

to minimize visual impact, predates my position with Horizon. However, it is my opinion, consistent with my review of the testimony of Chris Taylor (CT-T and CT-T-SUP) that the decision to redesign the site provided a clear signal to the County that Horizon was fully committed to successfully reengaging with the County process. Substantial resources were also committed to providing the County with direct access to expert consultants able to provide answers to the County Commissioners, the Planning Commissioners, and the general public. When the lack of specific action in the form of motions or direct instructions made responding to County Commissioner requests difficult, informal meetings with County staff were repeatedly scheduled and letter follow-ups provided to assure every effort was made to meet the as-yet undisclosed BOCC requirements.

landowner residences was the central BOCC concern, even in the absence of established standards or clear direction. Horizon analyzed this issue by mapping the setbacks to identify how the BOCC concerns could be addressed. Conveying this information in a closed hearing setting proved difficult, and again Horizon made County staff aware of the company's position as a way to inform the County process and indicate that shadow flicker effects could be addressed through operational controls at the affected turbines and that 1,320 foot setbacks were the greatest distance possible that preserved a viable project, provided benefits, and met needs. The BOCC's May 3 hearing discussion of setbacks far in excess of the Horizon-proposed 1,320 foot setback appeared to send a

clear, if disappointing, message from the BOCC to Horizon that an impasse had been

reached. At that time, in an effort to provide the BOCC with the opportunity to consider

It became increasingly apparent that turbine setback distances from non-participating

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an alternative setback standard, Horizon informed the BOCC that the range of setbacks discussed in the hearing rendered the project non-viable.

The BOCC, having defined a proposed range of 2,000 - 3,000 feet for a setback standard in its May 3 hearing and having been informed by Horizon through correspondence and through County staff that anything beyond a 1,320 foot setback renders the project unviable (Second Request for Preemption Exhibit #3), never responded to Horizon's offer to continue negotiations, further reflecting the impasse created when those standards were identified on May 3. It is this impasse, after extensive, documented efforts by Horizon to achieve local compliance, that prompts Horizon's Second Request for Preemption.